DECLASSIFIED

CONFIDENTIAL February 20, 1963

To : The Secretary

From : David K. E. Bruce DKB

Subject: The Dangers of Proceeding on Wool Textile Restrictions.

The Administration appears to have made some sort of commitment to domestic producers of wool textiles that it will limit imports of this product.

In the present situation I can think of nothing more harmful to U.S. foreign policy interests than restrictions on such imports no matter how imposed. All of the countries of the Six and the U.K. would be directly, significantly, and adversely affected.

I have had considerable personal exposure to this problem in London and I am convinced that the imposition now of such restrictions would:

Seriously jeopardize negotiations under the Trade Expansion Act: The Europeans reacted violently to action on carpets and glass. Further action demonstrating that the U.S. is prepared to sacrifice European interests to domestic interests would convince even friendly Europeans that there is no point to negotiations since the U.S. will withdraw concessions any time it believes they "hurt."

Cast doubt on the whole "partnership" concept in other fields. A whispering campaign in Europe about U.S. intentions in the military and political fields has been based upon restrictive trade actions that the U.S. has taken over the past year. These actions are identifiable and concrete and the French have been able to bolster the credibility of their otherwise feeble arguments in other fields by pointing to them.

Open the door to similar restrictions against us.

CONFIDENTIAL

DECLASSIFIED
DEPARTMENT OF STATE A/CDC/MR
Largely
AUTHORITY NLC REW DATE 6-11-81
PA or FOI EXEMPTIONS

DECLASSIFIED

Largely as a result of U.S. urging, quota restrictions on industrial goods have virtually disappeared as an instrument of national commercial policy. The French campaign to control U.S. investments in Europe suggests how vulnerable we are should the principle be established that restrictions are a desirable solution.

Render impossible liberal solutions in the EEC of importance to us. Our need for liberal solutions to certain key agricultural problems with the EEC (poultry and grains) depend in large measure upon equity and understanding rather than rights, and must be taken by European politicians at the expense of European domestic interests. This position becomes untenable for even the most liberal politicians in Europe if we are not prepared to reciprocate.

In sum, restrictive U.S. action on wool, by unhappy coincidence, would strike those very countries in Europe on which we must depend--the U.K., Germany, Benelux and Italy--in organizing support for the trade negotiations against possible or probable French opposition. We would be undercutting our friends and arming our adversary.

DECLASSIFIED